

VA Office of Inspector General

OFFICE OF AUDITS AND EVALUATIONS



Department of Veterans Affairs

*Review of
the Alleged Improper
Termination of
the e-Learning Task
Order*

September 19, 2016
15-02776-240

ACRONYMS

DALC	Denver Acquisition and Logistics Center
FAR	Federal Acquisition Regulation
OAL	Office of Acquisition and Logistics
OALC	Office of Acquisition, Logistics, and Construction
OIG	Office of Inspector General
OLSCM	Office of Logistics and Supply Chain Management
VA	Department of Veterans Affairs
VAAA	Veterans Affairs Acquisition Academy
VHA	Veterans Health Administration

**To Report Suspected Wrongdoing in VA Programs and Operations:
contact the VA OIG Hotline:**

Web Site: www.va.gov/oig/hotline

Email: vaoighotline@va.gov

Telephone: 1-800-488-8244



Highlights: Review of VA's Alleged Improper Termination of the e-Learning Task Order

Why We Did This Review

In March 2015, U.S. Senator Mark Warner requested the Office of Inspector General evaluate an allegation that a task order to develop e-learning courses for the supply chain workforce was improperly terminated.

What We Found

We did not substantiate that VA's decision to terminate the e-learning task order was improper, as the Federal Acquisition Regulation provides broad latitude for termination for convenience of the Government. In February 2014, VA awarded the e-learning task order for approximately \$2.8 million. In September 2014, Office of Logistics and Supply Chain Management (OLSCM) officials determined the development of the e-learning training was not meeting its needs because the curriculum included courses not needed and did not include sufficient content. OLSCM officials decided to use existing VA online training.

In February 2015, the task order was terminated for the convenience of the Government after paying the contractor approximately \$1.9 million, which included settlement fees of approximately \$56,000. According to the contracting officer's representative, the \$1.9 million was spent on various deliverables, including project management, quality assurance, curriculum, implementation and evaluation plans, a curriculum design document, a prototype, weekly progress reports, and eight courses in various stages of completion.

The termination occurred because of the lack of coordination between Veterans

Affairs Acquisition Academy (VAAA) and OLSCM to identify Office of Acquisition and Logistics' e-learning training needs and the best method to deliver that instruction. VAAA's personnel developed the e-learning requirement without coordinating the development with OLSCM. VA logistics policy and training is the responsibility of OLSCM.

If the planning of the task order had been properly coordinated between VAAA and OLSCM, it might not have resulted in the termination of the task order and the payment of approximately \$1.9 million for supply management courseware that was not completed.

What We Recommended

We recommended the Deputy Assistant Secretary for Acquisition and Logistics implement a mechanism to ensure proper coordination between VAAA and OLSCM when developing logistics training.

Agency Comments

The Principal Executive Director, Office of Acquisition, Logistics, and Construction concurred with our recommendation. The Principal Executive Director provided evidence of the agreement made to ensure proper coordination when developing logistics training. We consider the recommendation closed.

A handwritten signature in cursive script, reading "Larry M. Reinkemeyer".

LARRY M. REINKEMEYER
Assistant Inspector General
for Audits and Evaluations

TABLE OF CONTENTS

Introduction.....	1	
Results and Recommendations	2	
Finding	VA Properly Terminated the e-Learning Task Order	2
	Recommendation	3
Appendix A	Scope and Methodology	4
Appendix B	Potential Monetary Benefits in Accordance With Inspector General Act Amendments	5
Appendix C	Management Comments	6
Appendix D	OIG Contact and Staff Acknowledgments	7
Appendix E	Report Distribution	8

INTRODUCTION

Allegation

In March 2015, the Office of Inspector General (OIG) received a request from U.S. Senator Mark Warner to evaluate the allegation that VA's Office of Acquisition and Logistics (OAL) improperly terminated a task order to develop e-learning courses for the supply chain workforce.¹ We conducted this review to determine the merit of the allegation.

Responsible VA Offices

OAL is responsible for the professional development of VA's acquisition workforce and operates the Veterans Affairs Acquisition Academy (VAAA). VAAA's primary responsibility is providing training for VA's acquisition workforce through its five professional schools; among them: *Contracting Professionals*, *Program Management*, and *Supply Chain Management*. OAL's Office of Logistics and Supply Chain Management (OLSCM) establishes and oversees VA logistics policy and training. OAL's Denver Acquisition and Logistics Center (DALC) staff provides contracting support to VAAA.

E-Learning Task Order

In February 2014, DALC staff issued a task order for the development and delivery of an e-learning curriculum and related supply chain management courseware valued at approximately \$2.8 million. VA spent approximately \$1.9 million on the task order before its termination in February 2015.

Other Information

- Appendix A provides details on our scope and methodology.
- Appendix B provides details on potential monetary benefits in accordance with Inspector General Act amendments.
- Appendix C provides comments by the Principal Executive Director, Office of Acquisition, Logistics, and Construction.

¹ A task order is an order for services placed against an established contract or with Government sources.

RESULTS AND RECOMMENDATIONS

Finding VA Properly Terminated the e-Learning Task Order

We did not substantiate the allegation that VA's OAL terminated its e-learning task order improperly. Federal Acquisition Regulation (FAR) 8.406 allows contracts to include a termination for convenience clause, which gives the Government the right to terminate contracts at any time with or without giving a reason.

What We Did

We conducted our review from April 2015 through March 2016. To evaluate this allegation, we reviewed the FAR and task order documents. Furthermore, we interviewed the Deputy Assistant Secretary for Acquisition and Logistics, various VAAA and OLSCM officials, members of the DALC acquisition team, and the complainant.

What We Found

In February 2014, VA awarded the e-learning task order for approximately \$2.8 million. The task order contained a termination for convenience clause. In September 2014, OLSCM officials reported the development of the e-learning training was not meeting its needs because the curriculum contained courses that were not needed and did not include sufficient content. OLSCM decided to replace the contractor's customized e-learning courses with existing VA online training. VAAA requested the termination of the task order. In February 2015, the DALC team, operating within FAR authority, terminated the task order for the convenience of the Government after paying the contractor approximately \$1.9 million, which included settlement fees of approximately \$56,000. According to the contracting officer's representative, the approximately \$1.9 million was spent on deliverables, including project management, quality assurance, curriculum, implementation and evaluation plans, a curriculum design document, a prototype, weekly progress reports, and eight courses in various stages of production.

Why This Occurred

The termination of the e-learning task order occurred because of the lack of coordination between VAAA and OLSCM to identify OAL's e-learning training needs and the best method to deliver that instruction. VAAA's personnel developed the e-learning requirement without coordinating the development with OLSCM. VA logistics policy and training is the responsibility of OLSCM.

FAR 2.101 defines acquisition planning as "the process by which the efforts of all personnel responsible for an acquisition are coordinated and integrated through a comprehensive plan for fulfilling the agency need in a timely manner and at a reasonable cost. It includes developing the overall strategy for managing the acquisition." If the planning of the task order had been properly coordinated between VAAA and OLSCM, it might not have

resulted in the termination of the task order and avoided the payment of approximately \$1.9 million for supply management courseware that was not completed.

Conclusion

We did not substantiate that the e-learning task order was terminated improperly. We determined DALC was operating within its authority to terminate the task order for the convenience of the Government because the FAR provides broad latitude for termination for convenience.

Recommendation

We recommended the Deputy Assistant Secretary for Acquisition and Logistics implement a mechanism to ensure proper coordination between the Veterans Affairs Acquisition Academy and Office of Logistics and Supply Chain Management when developing logistics training.

**Management
Comments
and OIG
Response**

The Principal Executive Director, Office of Acquisition, Logistics, and Construction concurred with our recommendation. The VA office responsible for supply chain management training changed from OLSCM to the Veterans Health Administration (VHA). VAAA and VHA signed a Memorandum of Understanding defining responsibilities to ensure that appropriate stakeholders were identified and engaged in the development of a supply chain management curriculum. The Principal Executive Director provided evidence of the agreement. We consider the response to fully address the recommendation and consider it closed.

Appendix A Scope and Methodology

Scope We conducted our review from April 2015 through March 2016. The review focused on a task order against a General Services Administration contract to develop and deliver an e-learning curriculum and related supply chain management courseware.

Methodology To determine the merit of the allegation, we:

- Reviewed FAR and task order documents, including the settlement agreement, modification finalizing the termination for convenience, and invoices
- Interviewed the complainant, the Deputy Assistant Secretary for Acquisition and Logistics, various VAAA and OLSCM officials, and members of the DALC acquisition team

Data Reliability To test the reliability of data used during the review, we evaluated e-learning task order information to determine if the contracting officer recorded the appropriate procurement actions in VA's Electronic Contract Management System. While we identified some missing documents, our report findings and conclusions were based on information that VA staff provided in addition to what was available in the system. The data were sufficiently reliable for the review objective.

Government Standards We conducted this review in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*.

**Appendix B Potential Monetary Benefits in Accordance With
Inspector General Act Amendments**

Recommendation	Explanation of Benefits	Better Use of Funds	Questioned Costs
1	Implement mechanism to ensure proper coordination between the offices responsible for developing logistics training	\$1,862,856	\$0
Total		\$1,862,856	\$0

Note: In February 2015, the task order was terminated for the convenience of the Government after paying the contractor approximately \$1.9 million, which included settlement fees of approximately \$56,000.

Appendix C Management Comments

Department of Veterans Affairs

Memorandum

Date: March 25, 2016

From: Principal Executive Director, Office of Acquisition, Logistics, and Construction (003)

Subj: Office of Inspector General (OIG) Draft Report: Review of Alleged Improper Termination of e-Learning task Order (Project Number 2015-02776-AR-0153) (VAIQ 7682769)

To: Assistant Inspector General for Audits and Evaluations (52)

1. The Office of Acquisition, Logistics, and Construction (OALC) has completed its review of the subject draft report. OALC concurs with the recommendation and provides the following comments.
 - A Recommendation 1: We recommend that the Deputy Assistant Secretary for Acquisition and Logistics implement a mechanism to ensure proper coordination between Veterans Affairs Acquisition Academy and Office of Logistics and Supply Chain Management when developing logistics training.
 - OALC Response: Concur. OALC has taken action to address the issue. The new Chancellor of the VA Acquisition Academy has been instructed to ensure the appropriate stakeholders are identified and engaged in requirements identification and development of acceptance criteria for the development of future logistics and supply chain management training. As part of her review, the Chancellor will investigate where communication/coordination did not occur in order to determine the appropriate necessary next actions. This review will be completed by the end of the third quarter of fiscal year 2016.
2. Should you have any questions regarding this submission, please contact Melanie Griffin, at (202) 461-6626 or melanie.griffin@va.gov.

(original signed by:)

Shana Love-Holmon

For

GREGORY L. GIDDENS

Appendix D **OIG Contact and Staff Acknowledgments**

Contact	For more information about this report, please contact the Office of Inspector General at (202) 461-4720.
---------	---

Acknowledgments	Judith Sterne, Director Christopher Bowers Kimberly Choplin Benjamin Howe
-----------------	--

Appendix E Report Distribution

VA Distribution

Office of the Secretary
Veterans Health Administration
Veterans Benefits Administration
National Cemetery Administration
Assistant Secretaries
Office of Acquisition, Logistics, and Construction
Office of General Counsel

Non-VA Distribution

House Committee on Veterans' Affairs
House Appropriations Subcommittee on Military Construction,
Veterans Affairs, and Related Agencies
House Committee on Oversight and Government Reform
Senate Committee on Veterans' Affairs
Senate Appropriations Subcommittee on Military Construction,
Veterans Affairs, and Related Agencies
Senate Committee on Homeland Security and Governmental Affairs
National Veterans Service Organizations
Government Accountability Office
Office of Management and Budget
U.S. Senate: Tim Kaine, Mark R. Warner
U.S. House of Representatives: Don Beyer, Dave Brat, Barbara Comstock,
Gerald E. Connolly, Randy J. Forbes, Bob Goodlatte, Morgan Griffith,
Robert Hurt, Scott Rigell, Robert C. Scott, Robert J. Wittman

This report is available on our Web site at www.va.gov/oig.